

HEAVY TAXES AROUSE JAPANESE SENTIMENT FOR ARMAMENT CUT

95 Per Cent. of Nippon's People Will Welcome Any Plan That Will Reduce Imperialism's Cost, Says Seibold.

ARMS PARLEY IN WASHINGTON STEADILY GAINING IN FAVOR

Elder Statesmen, Headed by Prince Yamagata, Unable to Check Popular Tide—Taxation System Declared to Be An Oppressive Hodge Podge.

TAXATION burdens and the drift of popular sentiment in Japan to cut the cost of imperialism are discussed in the following article by a NEW YORK HERALD staff correspondent. It is the fifteenth of a series based on an investigation of Far Eastern conditions that bears on the armament and transpacific problems that will be taken up in Washington November 11.

By LOUIS SEIBOLD.

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TOKIO, Sept. 25.—The most effective argument advanced by the rapidly increasing number of Japanese politicians, business men and newspapers in favor of limiting armaments is the balance sheet of the Imperial Japanese Government. Confronted by the problem of supporting themselves on the prevailing rate of wages, taxed for everything that enters into their daily lives, 95 per cent. of the people of Nippon will welcome any project that will cut the high cost of imperialism and its natural corollary, militarism.

With more than 49 per cent. of the expenditures of the Government devoted to the maintenance of the largest standing army in the world and a naval establishment that, theoretically, in ten years will win the fighting supremacy of the seas from Great Britain and the United States, there is a growing interest throughout Japan in the approaching conference on the limitation of armaments at Washington.

I have talked with several leaders of the two most important political factions in Japan, the editors of newspapers, business men of Tokio, Yokohama, Kobe, Shimonoseki and foreigners engaged in various lines of industry regarding the disarmament project. While divided in opinion as to the probability of the Washington conference being expanded to cover other phases of Far Eastern problems, there appears to be decided unanimity of popular sentiment in favor of limiting the expenditures of the Government for military purposes, from the operations of which the people themselves derive little benefit.

Responsive Chord Struck in Japan by President Harding's Action

Up to a comparatively recent period the imperialistic Government of Japan not only discouraged discussion of the financial burdens involved in the maintenance of huge armies and a navy always ready for war, but it applied drastic and effective means to prevent it. The suggestion of President Harding, however, that the most direct short cut toward effecting necessary savings in the conduct of all Governments was through limiting armaments struck a responsive chord among many classes of Japanese citizens, and women as well, to whom the ordinary agencies of expression are closed by tradition and Government policies.

Sentiment in its favor has grown with great rapidity. The Government itself was probably as much surprised at the spirit in which the suggestion of the American President was received as the most confirmed warrior in the army or navy, who looks upon such proposals as sheer nonsense.

The Genro, which provides a sort of unofficial form of commission government, made a futile attempt at the outset to check the tide of popular sentiment in favor of the Harding plan. In doing so it encountered its first defeat in many years, for the Genro, despite the fact that its functions, derived from the old clan processes of feudalism, are purely advisory, is the most powerful single institution in the country.

The boss of it is Field Marshal Prince Yamagata, "the Grand Old Man of Nippon," who at 83 is planning his life work for the next forty years. Prince Yamagata, who is the most popular of national heroes in Nippon, is not only the head of the Genro but he is the president of the Privy Council. He is the most accomplished and successful politician in Japan. His influence, which has been won by sheer intellectual force and the complete understanding of Japanese psychology, pervades and practically influences every element of the people.

He can make or unmake Cabinets, formulate or change policies, and his personal influence with the Emperor is very great, because in the last analysis it is the veto of the Genro (which means Yamagata) that finally disposes. The Genro is composed of several of the "Elder Statesmen," but it is Yamagata who dominates his associates as easily as Platt or Quay or Hanna or Croker dominated their respective parties in their time. The most important conferees of Yamagata are the Marquises Matsukata and Saionji. There are others of local celebrity and popularity but of less importance, for, as said, Japan looks to Yamagata alone for the key word.

At the outset of the armament discussion, to which Japan gave its tardy assent, the Setuyaku and the Kenesaku, political parties which most clearly reflect rival political sentiment, evinced a lively interest in it. This was confined, however, to members of the Diet, the popular branch of the national legislature. In accordance with established tradition, the princes of the blood, just plain princes, marquises, counts, viscounts, barons, imperial nominees and the highest taxpayers of the House of Peers manifested neither assent nor dissent, naturally taking their cue from the Genro sage. Not so with the 464 members of the Diet, which controls the Government.

Reflecting the sentiment of citizens throughout the empire, the members of the Diet, as well as the local bosses in the various provinces, began to line solidly up back of the armament conference plan. Yamagata and his illustrious associates in the Genro attempted to head off the storm of approval. Every wire and political device which usually succeeds in swaying the Japanese mind was resorted to. Meanwhile the Government began to parley with Washington, London, Paris and other capitals in an effort to make terms that would prevent the opening up of "facts accomplished," meaning the violation of Chinese territory and

Japan's Control of Corea.

JAPAN'S control of Corea and its effect upon the people of the Hermit Kingdom are discussed by Mr. Seibold in another article, which will be published to-morrow. The military aspect also is described.

economic and political control of Corea, Manchuria, Eastern Mongolia, Siberia and North Saghalien.

Groping for Escape.

The overwhelming sentiment in favor of the Harding conference plan which swept Japan probably convinced the Government of the futility of directly attacking that project. But it took its own time in giving its qualified assent. The reason that it finally consented to do so was not due in the slightest degree to any sincere desire to assist in the enterprise but solely because the people, groping for an avenue of escape from the disasters consequent on taxation, demanded in no uncertain tones its concurrence.

Competent observers of long experience tell me that no proposal ever made by a foreign country was so universally approved as the suggestion for the conference on armaments. The majority of the people would probably support the contention of their Government that the Washington conference should not seek to deprive Japan of the territory both legally and illegally acquired and so necessary to their economic and physical expansion, but the popular mind of Japan discerns no direct connection between the scheme for bringing about a disarmament agreement and the indefinite proposals to restore to the original owners the territory won by Japan in war or otherwise.

Indorsement of the conference project held but one meaning to the Japanese—an escape from the catastrophes incidental to the maintenance of an expensive military establishment, to support which they have long believed they have been taxed out of all proportion to the value of it. The explanation of their resentment against the conditions forced upon them by the ambitious military plans of their Government is pretty clearly set forth in the financial statement of the Government for the current year—the monopolies maintained or permitted by it, the system of taxation and, finally, the high cost of living.

I have already shown in this series of articles that more than 49 per cent. of the imperial budget goes to the support of the army and navy, that a minimum of 22 per cent. goes to the maintenance of other agencies of it, leaving a scant 30 per cent. for providing the conveniences and facilities for which the people of a country generally look to their Government.

Extraordinary Expenditures.

Aside from the army and navy, the other branches of the service foot up a total of \$45,645,000 yen, or just a shade over 56 per cent. of the entire amount. One of the most remarkable features of the Japanese financial statement is that almost as much

money is spent for the "extraordinary" expenditures of the various Government agencies as for the regular conduct of them. For instance, in addition to the 49 per cent. set aside in the budget for the support of the army and navy there should be added 115,125,000 yen for the War Department and 124,712,000 yen for the navy in the nature of "extraordinary" expenditures.

Other budget provisions, from which the people of Japan derive little, if any, direct benefits are the sums set aside for the civil administration of Shantung, Corea, Formosa, Saghalien and the Government railways, the total being 171,924,000 yen. One of the reasons that provoked such unanimity of popular approval of the conference project was the oppressive effect of the monopolies maintained by the Government. For instance, the Government has a monopoly over steel, tobacco, camphor, salt, railways, utilities, telegraphs, in addition to local imports on some of them. Tobacco is taxed at the rate of 50 per cent. and is practically beyond the reach of the average citizen, who likes his weed as well as the next one.

A far more important reason, however, for the endorsement of the conference is to be found in the taxation system. This system, which appears to be a hodge-podge of that prevailing in other countries, places a heavy tax upon salt, the national drink; on salt, beer, sugar, land, incomes, big and small businesses; in fact, there is scarcely a thing that enters into the daily life of the people that is not taxed to a greater extent than in any other country.

But even the amounts realized from these imposts are not adequate to pay for the army and navy and other branches of the Government administration of alien territory, and there was a jump of 145,000,000 yen in the nature of "emergency taxes" last year. A Tokio merchant told me that the Government took over 45 per cent. of his net earnings. Every vehicle, including motor cars, is heavily taxed, the cost of licensing one in Tokio being \$250 a year. Cotton and other textiles which provide clothing for the people come in for a substantial levy, but non-alcoholic beverages are free. The tax on dwelling land is 2.5 per 1,000 and on cultivated land 4.5.

Income Tax System.

The income tax is rated pretty much like that in other countries. Incomes yielding from 10 to 20 per cent. profit are taxed 4 per cent., with 8 per cent. on 20 and 20 per cent. above 30. On reserve incomes there is a 5 per cent. surtax on 50 per cent. earnings on the capital. Dividends are taxed 5 per cent. Individual incomes are taxed 1 per cent. up to 1,000 and run as high as 23 per cent. above 3,000,000.

The straight business tax is a complicated proposition. There are levies on sales, rents and manufactures. Intoxicating beverages are assessed from 20 to 41 per cent. on forty gallons. The Government has recently made a half-hearted effort to readjust the tax system, but little progress has been made up to date.

The national debt of Japan amounted in March last to 2,579,746,000 yen, on which the interest is 117,961,000 yen. At the end of 1918 the foreign loans of the country totaled 1,333,754,000 yen. These include British, French and Russian bonds and the not inconsiderable item of 632,000,000 yen in Chinese obligations, which the Japanese Government has taken over in administering the affairs of Shantung and Manchuria. Japan has made several direct loans to China aggregating 283,000,000 yen. The present (Hara) Ministry discontinued advancing money to China independent of the operations of the English, French, Japanese and American consortium.

Since the discussion of the disarmament proposal leaders among the Japanese people are seeking a plan to reduce the tax system. According to an investigation conducted by the Tokio municipality the average rates of various taxes in the six leading cities of the empire total up 15 yen per individual for national purposes, 1,577 yen for prefectural and 1,328 yen for municipal in the city of Tokio, with the rate at Osaka and Kobe a trifle higher.

This means that every individual in the three cities pays an average of \$9 per year to the Government in various forms of taxation, a greater part of which goes to building battleships and to maintain the Japanese army.

BRITISH LABOR URGES WIDE HOUSING POLICY

By the Associated Press.

LONDON, Oct. 11.—Labor's programme for dealing with unemployment was submitted by a deputation at a meeting with Premier Lloyd George and the Cabinet's unemployment committee tonight. The programme, which has been somewhat revised since it originally was formulated, lays stress on the necessity for a comprehensive housing policy and the financing of public works by the Government instead of by communities. The Premier did not indicate the Government's scheme, saying he would probably wish to see the deputation again to discuss the proposals.



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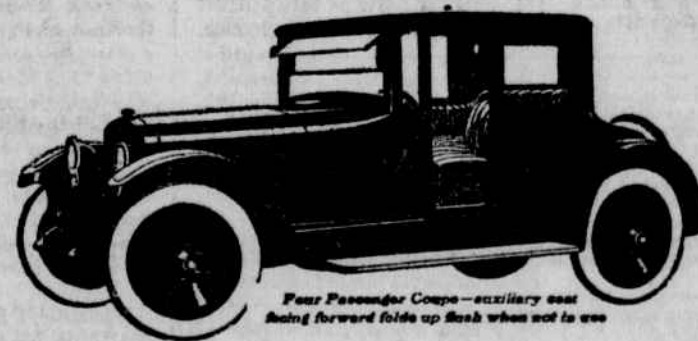
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